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7 LA CANADA VENTURES, INC.,
8 Plaintiff,
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10 v.
11 MDALGORITHMS, INC.,
12 Defendant.

13 Case No. 22-cv-07197-RS
14

**ORDER DENYING PLAINTIFF'S
MOTION TO DISMISS
COUNTERCLAIMS AND DENYING
PLAINTIFF'S MOTION FOR PARTIAL
SUMMARY JUDGMENT**

15 **I. INTRODUCTION**

16 This is a trademark infringement suit. Plaintiff and Counter-defendant is La Canada
17 Ventures, Inc., a health and beauty retailer offering cosmetic products ("Plaintiff"). Defendant and
18 Counter-claimant MDalgorithms is a company that offers computer software and app technology
19 for education and advice about the treatment of acne, a skin disorder ("Defendant"). In its Second
20 Amended Complaint ("SAC") Plaintiff avers that Defendant infringes on Plaintiff's MD Mark and
21 multiple MD-formative Marks by using the MD marks in the sale of its health and beauty
22 products, in direct competition with Plaintiff. Defendant filed counterclaims in a First Amended
23 Counterclaim ("FACC"), seeking cancellation of Plaintiff's registrations on the grounds that they
24 are void *ab initio* or otherwise derived the right of incontestability by fraud on the United States
25 Patent and Trademark Office ("USPTO"). Defendant also filed unfair competition counterclaims
26 against Plaintiff, arguing that Plaintiff used Defendant's marks "MDhair" and "MDacne"
27 unlawfully. Plaintiff now moves for dismissal of Defendant's counterclaims, claiming that it, not

1 the Defendant, was the first user of the “MD” and related marks and its registrations should not be
2 cancelled. Plaintiff also moves for summary judgment on its trademark infringement claims as to
3 Defendant’s “MDhair” mark.

4 II. BACKGROUND

5 Plaintiff began offering health and beauty products in 2006 under its MD brand, which was
6 founded by Dr. Susan Lin. Plaintiff’s MD brand consists of a family of marks utilizing the term
7 “MD” and multiple other marks, with the root MD in combination with other terms (the “MD-
8 formative Marks”). The “MD “mark is the subject of a federal registration with the United States
9 Patent & Trademark Office (“USPTO”) in Class 3 (cosmetic and cleaning preparations) and Class
10 5 (pharmaceuticals) based on a first use of at least as early as January 1, 2012. Lin also registered
11 multiple MD-formative Marks¹ with the USPTO, claiming these marks have been in use since as
12 early as August 1, 2007. Finally, Lin claims that it has adopted and used other unregistered MD-
13 formative Marks since as early as 2006 (MD Skin), 2009 (MD Nutri Hair), and 2018 (MD
14 Wellness). On January 15, 2019, Lin entered into an exclusive, written trademark license
15 agreement with Plaintiff (“January 2019 License Agreement”), before assigning her rights and
16 interests in her seven registered marks to Plaintiff in March of 2019.

17 On April 26, 2016, Defendant registered “MDacne” for “computer software and
18 downloadable computer software for education and advice in the field of care and treatment of
19 skin disorders, namely, acne” in Class 9 (electrical and scientific apparatus) and “providing a
20 website featuring information and advice in the field of the diagnosis and treatment of acne” in
21 Class 41(education and entertainment). This registration claimed first use of May 16, 2010. On
22 July 17, 2018, Defendant registered “MDacne” for “medicated skin treatment and cleansing
23 creams” in Class 5, claiming first use of December 1, 2017, and, subsequently, for “non-medicated
24 skincare preparations” in Class 3. Defendant also registered “MDhair” for “providing temporary

25
26 ¹ Including: MD 101, U.S. Reg. 3,459,245; MD LASH FACTOR, U.S. Reg. 3,432,209; MD
27 INTIMATE RESTORE, U.S. Reg. 4,603,019; MD BY SUSAN F. LIN M.D., U.S. Reg.
28 5,860,508; MD INTIMATE FRESH, U.S. Reg. 6,027,099; MD WELLNESS BY SUSAN LIN
M.D., U.S. Reg. 6,251,811; and MD FACTOR, U.S. Reg. 6,309,386.

1 use of on-line non-downloadable computer software for education and advice in the field of the
2 case and treatment of skin and hair" in Class 42, claiming first use of September 13, 2010. The
3 USPTO, finding "MDhair" to be descriptive, only permitted registration of this mark on the
4 Supplemental Register.

5 Plaintiff claims that by the time Defendant began offering anything other than software,
6 Plaintiff's registration of MD for, *inter alia*, "non-medicated acne treatment preparations" in Class
7 3 and "acne treatment preparations" in Class 5 had been in effect for approximately four years.
8 Plaintiff claims first use of the MD mark as of January 1, 2012. Plaintiff also claims that
9 Defendant has recently expanded beyond software-based systems for which it claims consumer
10 recognition and uses the mark "MDacne" for health and beauty products 11 years after Plaintiff
11 first used its MD-formative mark for similar goods.

12 Defendant denies Plaintiff's allegations and, instead, avers in its counterclaims that
13 Plaintiff is unlawfully competing with Defendant by purposefully using Defendant's marks
14 deceptively to lure in Defendant's customers. By way of example, Defendant points to the fact that
15 Plaintiff took affirmative steps to use the domain <www.mdhair.com>² to solicit Defendant's
16 customers who were searching for Defendant's products despite the fact that Plaintiff does not
17 offer a product called MDHair or MD Hair. In addition, in July 2022, Defendant contends Plaintiff
18 changed the name of its "MD Complexion Factor Acne Cleanser," product to "MD Acne
19 Complexion Factor Acne Cleanser" after filing the instant suit. In Defendant's view, that act
20 represents a blatant attempt to deceive Defendant's potential customers who sought Defendant's
21 MDacne product. Defendant also argues that Plaintiff may not "monopolize" the term MD for
22 health and cosmetic products as this would be inconsistent with the many instances in which third
23 parties utilize the root "MD" in combination with some other terms. Moreover, Defendant insists
24 that consumer confusion surrounding the "MDacne" and "MDhair" marks is based on Plaintiff's
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26 _____
27 ² For reference, Defendant has been offering its products and services on its website,
<www.mdhair.co>, since 2021.

1 belated use of those terms, which occurred following Defendant's use.

2 Defendant further brings counterclaims for cancellation of seven of Plaintiff's registrations
3 on two grounds: the registrations either are void *ab initio* or the product of fraud on the USPTO.
4 Specifically, Defendant insists that the registrations for the marks "MD FACTOR," "MD BY
5 SUSAN F. LIN M.D.," and "MD WELLNESS BY SUSAN F. LIN M.D." were all incorrectly
6 filed by Dr. Susan Lin, Plaintiff's owner and CEO, in her individual capacity in violation of
7 TMEP 1201.02(c) and 37 C.F.R. Section 2.71(d) when, in fact, Plaintiff is the true owner of those
8 marks. This is an incurable defect, per Defendant, rendering the registrations of those marks void
9 *ab initio* and warranting their cancellation under 15 U.S.C. § 1064. Defendant also maintains that
10 Lin committed fraud on the USPTO and fraudulently derived the right of incontestability with
11 respect to the marks "MD," "MD INTIMATE RESTORE," "MD 101," and "MD LASH
12 FACTOR." Section 15 of the Lanham Act governs incontestability. Under the statute, an owner
13 must swear, in a declaration, that it has used the mark continuously in commerce for at minimum
14 five years after the date of registration by signing a Section 15 Declaration of Incontestability. 15
15 U.S.C. § 1065. The right of incontestability is "conclusive evidence" of the validity of the mark.
16 15 U.S.C. § 1115. Defendant argues that Plaintiff, not Lin, used these marks in commerce over the
17 past five years, so the Section 15 Declaration of Incontestability constituted a fraud on the USPTO
18 when it represented otherwise.

19 III. LEGAL STANDARD

20 A. Motion to Dismiss

21 A complaint must be "a short and plain statement of the claim showing that the pleader is
22 entitled to relief." Fed. R. Civ. P. 8(a)(2). While "detailed factual allegations" are not required, a
23 complaint must have sufficient factual allegations to state a claim that is "plausible on its face."
24 *Ashcroft v. Iqbal*, 556 U.S. 662, 678 (2009) (citing *Bell Atl. Corp. v. Twombly*, 550 U.S. 544, 555,
25 570 (2007)). A claim is facially plausible "when the plaintiff pleads factual content that allows the
26 court to draw the reasonable inference that the defendant is liable for the misconduct alleged." *Id.*
27 (citing *Twombly*, 550 U.S. at 556). This standard asks for "more than a sheer possibility that a

defendant has acted unlawfully.” *Id.* The determination is a context-specific task requiring the court “to draw on its judicial experience and common sense.” *Id.* at 679.

A Rule 12(b)(6) motion to dismiss tests the sufficiency of the claims alleged in the complaint. Dismissal under Rule 12(b)(6) may be based on either the “lack of a cognizable legal theory” or on “the absence of sufficient facts alleged under a cognizable legal theory.” *See Conservation Force v. Salazar*, 646 F.3d 1240, 1242 (9th Cir. 2011) (internal quotation marks and citation omitted). When evaluating such a motion, the court must accept all material allegations in the complaint as true and construe them in the light most favorable to the non-moving party. *In re Quality Sys., Inc. Sec. Litig.*, 865 F.3d 1130, 1140 (9th Cir. 2017). It must also “draw all reasonable inferences in favor of the nonmoving party.” *Usher v. City of Los Angeles*, 828 F.2d 556, 561 (9th Cir. 1987).

B. Motion for Summary Judgment

Summary judgment is appropriate if the pleadings, discovery, and affidavits show “that there is no genuine dispute as to any material fact and the movant is entitled to judgment as a matter of law.” Fed. R. Civ. Pro. 56(a). A genuine issue of material fact is one that could reasonably be resolved in favor of the nonmoving party, and which could “affect the outcome of the suit.” *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 248 (1986). The moving party bears the burden of proof to “make a showing sufficient to establish...the existence of an element essential to that party’s case.” *Celotex Corp. v. Catrett*, 477 U.S. 317 (1986). If the movant succeeds in demonstrating the absence of a genuine issue of material fact, the burden then shifts to the nonmoving party to “set forth specific facts showing that there is a genuine issue for trial.” *Id.* at 322 n.3; *see also* Fed. R. Civ. Proc. 56(c)(1)(B). Evidence must be viewed in the light most favorable to the nonmoving party and all justifiable inferences must be drawn in its favor. *See Anderson*, 477 U.S. at 255. It is not the task of the court to scour the record in search of a genuine issue of triable fact. *Keenan v. Allan*, 91 F.3d 1275, 1279 (9th Cir. 1996) (citation omitted). The non-moving party has the burden of identifying, with reasonable particularity, the evidence that precludes summary judgment. *Id.* If the nonmoving party fails to make this showing, “the moving

1 party is entitled to a judgment as a matter of law.” *Celotex*, 477 U.S. at 322.

2 IV. DISCUSSION

3 A. Motion to Dismiss

4 Defendant has three theories on which its counterclaims are based: first, that some of
5 Plaintiff’s marks are void *ab initio*; second, that some of Plaintiff’s marks were deemed
6 uncontestable by fraud on the USPTO; and finally, that Plaintiff is unfairly competing with
7 Defendant by using its marks to deceive Defendant’s customers. Plaintiff moves to dismiss the
8 counterclaims on the basis that the marks’ registrations are valid, the Defendant has failed to aver
9 adequately that Plaintiff made material misrepresentations or committed fraud on the USPTO to
10 obtain any trademark rights, and that Plaintiff, as the senior user, has the right to use the marks
11 “MDhair” and “MDacne” to describe its own products.

12 1. Counterclaims 1, 2, 3: “MD FACTOR,” “MD BY SUSAN F. LIN M.D.,” and “MD
13 WELLNESS BY SUSAN F. LIN M.D.” are void *ab initio*

14 The first three counterclaims brought by Defendant challenge the true ownership of three
15 of Plaintiff’s trademarks. Specifically, Defendant argues that Lin was not the true owner of the
16 marks “MD FACTOR,” which was registered on March 30, 2021; “MD BY SUSAN F. LIN
17 M.D.,” which was registered on September 17, 2019; and “MD WELLNESS BY SUSAN F. LIN
18 M.D.,” which was registered on January 19, 2021 because she filed these trademark applications
19 as an individual, when in fact Plaintiff, a corporation, was the true owner and user of these marks.

20 Pursuant to 15 U.S.C. § 1064, a registration may be cancelled within five years from the
21 registration date if it filed in the name of the wrong party and cannot be cured by amendment.
22 “MD Factor” was registered on March 30, 2021, “MD BY SUSAN F. LIN M.D.” was registered
23 on September 17, 2019, and “MD WELLNESS BY SUSAN F. LIN M.D.” was registered on
24 January 19, 2021. Defendant argues that these marks were incorrectly registered by Lin as an
25 individual but used and owned by La Canada. This, per Defendant, is an incurable defect under
26 TMEP 1201.02(c) and 37 C.F.R. § 2.71(d), warranting cancellation of the registrations associated
27 with these marks under 15 U.S.C. § 1119.

The Lanham Act grants federal courts the power to cancel trademark registrations. 15 U.S.C. § 1119. TMEP § 1201.02(c) provides examples of correctable and non-correctable errors in trademark registration applications. One such non-correctable error is the identification of the wrong party in the application, including if:

President of Corporation Files as Individual. If the president of a corporation is identified as the owner of the mark when in fact the corporation owns the mark, and there is no inconsistency in the original application between the owner name and the entity type (such as a reference to a corporation in the entity section of the application), the application is void as filed because the applicant is not the owner of the mark.

TMEP § 1201.02(c). A non-correctable error makes the application void *ab initio*. 37 C.F.R. § 2.71(d) further states that “[a]n application filed in the name of an entity that did not own the mark as of the filing date of the application is void.”

The factual basis for Defendant’s argument that Plaintiff, and not Lin, was the true owner of these marks at the time the applications were filed is tenuous but does provide more than a “sheer possibility” that Lin acted unlawfully. *Iqbal*, 556 U.S. at 678. Defendant highlights that the specimens of use in Lin’s trademark applications referenced Plaintiff uses, and Defendant has therefore provided a sufficient factual basis to suggest that Plaintiff, not Lin, was the true owner of these marks at the time its applications were filed and has plausibly averred that the applications for the marks “MD FACTOR,” “MD BY SUSAN F. LIN M.D.,” and “MD WELLNESS BY SUSAN F. LIN M.D.,” are void *ab initio*.

Plaintiff argues that the only reasonable inference from Defendant’s pleadings is that Lin filed the applications based on use by her nonexclusive licensee and related company, La Canada. However, Plaintiff’s related-company argument need not be addressed at this stage, because the relevant inquiry for a motion to dismiss is whether there is an “absence of sufficient facts alleged under a cognizable legal theory.” *See Conservation Force v. Salazar*, 646 F.3d 1240, 1242 (9th Cir. 2011) (internal quotation marks and citation omitted). Defendant has done so, therefore the motion to dismiss is denied as to Defendant’s first three counterclaims.

2. Counterclaims 4, 5, 6, 7; "MD," "MD INTIMATE RESTORE," "MD 101," and "MD

LASH FACTOR" were deemed incontestable by fraud.

The next set of counterclaims averred by Defendant assert that four of Plaintiff's trademarks, "MD," which was registered on January 21, 2014; "MD INTIMATE RESTORE," which was registered on September 9, 2014; "MD 101," which was registered on July 1, 2008; and "MD LASH FACTOR," which was registered on May 20, 2008, all received incontestable status by fraud on the USPTO, warranting cancellation of its registrations. Per Defendant, Lin falsely filed the trademark applications in her own name as an individual when Plaintiff was, in fact, the true owner of these marks. Following the January 2019 License Agreement, which provided Plaintiff with an exclusive license to use the marks, Lin's counsel submitted Section 15 Declarations of Incontestability for each mark, respectively, representing that the statutory requirements of Section 15 were met and each of these marks had been continuously used in commerce by the owner for five consecutive years after the date of registration.³ This representation was material and false, according to Defendant, because Plaintiff, not Lin, was the true owner of these marks and Lin's counsel knew or should have known that Lin was not using the marks in commerce at the time the Section 15 declarations were signed. Defendant insists that this is a fraud upon the USPTO that warrants cancellation of Plaintiff's rights stemming from the registration of these marks.

A party may invoke 15 U.S.C. § 1064(c) to seek cancellation of a registered trademark on the basis of fraud at any time. *Hokto Kinoko Co. v. Concord Farms, Inc.*, 738 F.3d 1085, 1097 (9th Cir. 2013). See also 15 U.S.C. § 1119 (“The court may...order the cancellation of registrations”). “Any false statements made in an incontestability affidavit may jeopardize not only the incontestability claim, but also the underlying registration.” *Robi v. Five Platters, Inc.*, 918 F.2d 1439, 1444 (9th Cir. 1990) (internal citations omitted). A party alleging fraud on the

³ For reference, the Section 15 Declaration of Incontestability for the relevant marks was filed on the following dates: “MD” was filed on January 21, 2019; “MD INTIMATE RESTORE” was filed on September 9, 2019; “MD 101” and “MD LASH FACTOR” were filed on December 12, 2014.

1 USPTO shoulders a “heavy burden of demonstrating that a trademark should be cancelled.” *Hokto*
2 *Kinoko Co. v. Concord Farms, Inc.*, 738 F.3d 1085, 1097 (9th Cir. 2013). A party make seek
3 cancellation based on fraud by proving:

4 (1) a false representation regarding a material fact; (2) the registrant's
5 knowledge or belief that the representation is false; (3) the registrant's
6 intent to induce reliance upon the misrepresentation; (4) actual,
reasonable reliance on the misrepresentation; and (5) damages
proximately caused by that reliance.

7 *Id.* (quoting *Robi*, 918 F.2d at 1444).

8 Defendant's counterclaims for fraud adequately plead these five elements. As discussed
9 above, Defendant's claims that Plaintiff falsely represented the nature of the true ownership of
10 Plaintiff's marks, a material fact, has been adequately plead at this stage. Defendant claims that
11 Lin, Plaintiff, and their counsel executed the January 2019 License Agreement “just before the
12 Section 15 filing to belatedly highlight La Canada’s longstanding use.” Dkt. 39 at 18. The second
13 element of Defendant's fraud counterclaims, viewed in the light most favorable to the Defendant,
14 is also sufficiently plead. Defendant insists that Lin, Plaintiff, and their counsel knew or should
15 have known that Plaintiff, and not Lin, was the true owner of the marks because the specimens of
16 use submitted in support of her application show use by Plaintiff. Plaintiff points out that this does
17 not necessarily mean it made a false representation. Indeed, the provision of these specimens to
18 the USPTO, which ultimately granted Lin's applications, suggest that Lin's claim of ownership
19 was based on Plaintiff's use of the marks in the first place. *See, e.g., Bon Vivant Catering, Inc. v.*
20 *Duke University*, No. 1:13CV728, 2016 WL 3149725 at *9 (M.D.N.C. June 3, 2016). However,
21 this is a factual question, inappropriate for disposition at this stage. The third and fourth elements
22 have also been adequately plead by Defendant. Defendant asserts that Lin, Plaintiff, and their
23 counsel intentionally relied on Plaintiff's use of these marks in commerce over the last five years
24 to achieve the right of incontestability, and it actually gained that right as a result of that
25 representation, allowing Plaintiff the right to assert its registration in litigation. Finally, the fifth
26 element also appears in Defendant's counterclaims, as Defendant states it suffered damages as a
27 result of Plaintiff's deception to the USPTO. For these reasons, the fourth, fifth, sixth, and seventh

counterclaims in Defendant's FACC survive the motion to dismiss.

3. Counterclaims 8, 9: Unfair Competition

Defendant’s last two counterclaims rest on the theory that Plaintiff is unfairly competing with Defendant in violation of both common law unfair competition and California Business & Professional Code § 17200 *et seq.* The analysis of both legal theories is “substantially congruent” to those brought under the Lanham Act, that is, “whether the public is likely to be deceived or confused by the similarity of the marks.” *Cleary v. News Corp.*, 30 F.3d 1255, 1262-1263 (9th Cir. 1994) (internal quotations omitted). Defendant argues that Plaintiff used the marks “MDacne” and “MDhair” to deceive Defendant’s customers by diverting web traffic from customers seeking Defendant’s products.

Plaintiff moves to dismiss these claims, arguing that it is the senior user of the MD and MD-formative marks for hair and acne products. In 2016, Defendant registered “MDacne” in Classes 9 and 41, claiming first use in May 16, 2010 and in 2018, it registered “MDacne” in Class 5, claiming first use of December 1, 2017. Plaintiff registered “MD” in Class 3 and 5 approximately four years prior to that point, claiming first use of January 1, 2012. Plaintiff asserts that Defendant did not register “MDacne” in Class 3 until March 2022, claiming first use of November 21, 2021. This, according to Plaintiff, means that its “use for goods in Class 3 preceded [Defendant]’s by almost five years.” Dkt. 37 at 3. Plaintiff also claims that Defendant only began offering goods and services under the “MDhair” mark in 2021. This mark was registered in Class 42 in January 11, 2022 on the Supplemental Register, claiming first use of September 13, 2021.

To support its unfair competition claims, Defendant states that Plaintiff only began using the marks “MDacne” and “MDhair” to divert Defendant’s customers from its products. Plaintiff rests its motion on priority of use of “MD Acne” and “MD Hair” and argues that it cannot unfairly compete with Defendant if it was the senior user. Defendant’s counterclaims, however, sufficiently plead facts to support its claim that Plaintiff began using those identical marks, “MDacne” and “MDhair,” to harm Defendant and divert its customers from its websites, as those

1 terms, specifically, were purportedly used only after Defendant entered the market and began
2 selling similar goods. Taking these facts as true, the motion to dismiss is denied.

3 **B. Motion for Partial Summary Judgment**

4 In addition to moving to dismiss Defendant's FACC, Plaintiff moves for partial summary
5 judgment. Plaintiff asserts that Defendant unlawfully uses the mark "MDhair," which is
6 confusingly similar to Plaintiff's established marks under the *Sleekcraft* factors. *AMF, Inc. v.*
7 *Sleekcraft Boats*, 599 F.2d 341, 348-49 (9th Cir. 1979). Thus, Plaintiff reasons, Defendant is
8 infringing on Plaintiff's trademark and it should be granted an injunction to enjoin Defendant from
9 further using the "MDhair" mark.

10 Trademark infringement exists if the plaintiff has a valid trademark and the defendant is
11 using a similar mark in a way that is likely to cause confusion as to the source or affiliation of
12 defendant's products or services. *Brookfield Commc'ns, Inc. v. West Coast Ent. Corp.*, 174 F.3d
13 1036, 1047, 1050 (9th Cir. 1999). "The first to use a mark is deemed the 'senior' user and has the
14 right to enjoin 'junior' users from using confusingly similar marks in the same industry and
15 market or within the senior user's natural zone of expansion." *Id.* at 1047. The Ninth Circuit's
16 likelihood of confusion is outlined by eight factors, which evaluate: "(1) strength of the mark; (2)
17 proximity of the goods; (3) similarity of the marks; (4) evidence of actual confusion; (5) marketing
18 channels used; (6) type of goods and the degree of care likely to be exercised by the purchaser; (7)
19 defendant's intent in selecting the mark; and (8) likelihood of expansion of the product lines" ("the
20 *Sleekcraft* factors"). *M2 Software, Inc. v. Madacy Ent.*, 421 F.3d 1073, 1080 (9th Cir. 2005)
21 (citing *AMF, Inc. v. Sleekcraft Boats*, 599 F.2d 341, 348-49 (9th Cir. 1979)). In the "context of the
22 Web," the Ninth Circuit has also held that the most important factors are: "(1) the similarity of the
23 marks, (2) the relatedness of the goods or services, and (3) the parties' simultaneous use of the
24 Web as a marketing channel." *Interstellar Starship Servs., Ltd. v. Epix, Inc.*, 304 F.3d 936, 942
25 (9th Cir. 2002). However, more recently, the Ninth Circuit has determined that the multifaceted
26 nature of trademark infringement on the internet warrants a more thorough analysis of all of the
27 *Sleekcraft* factors. *Network Automation, Inc. v. Advanced Sys. Concepts, Inc.*, 638 F.3d 1137,

1 1148-48 (9th Cir. 2011). Summary judgment on the likelihood of confusion is generally
2 disfavored, but it may be granted in a trademark case where there is no genuine issue of material
3 fact. *Surfvivor Media, Inc. v. Survivor Prods.*, 406 F.3d 625, 630 (9th Cir. 2005). An injunction is
4 “the remedy of choice for trademark and unfair competition cases,” particularly if there is actual
5 confusion. *Century 21 Real Est. Corp. v. Sandlin*, 846 F.2d 1175, 1180-81 (9th Cir. 1988).

6 The first and third *Interstellar* factors weigh in favor of finding a likelihood of confusion.
7 The first *Interstellar* and second *Sleekcraft* factor assesses the similarity of the marks. “Similarity
8 of the marks is tested on three levels: sight, sound, and meaning.” *Sleekcraft*, 599 F.2d at 351.
9 Here, the domain names for the Plaintiff’s website, <mdhair.com>, and Defendant’s website,
10 <mdhair.co>, are virtually identical except for their top level domains. “MDhair,” Defendant’s
11 mark, and “MD Nutri Hair,” and “MD Hair,” Plaintiff’s marks, are also similar in sight and sound.
12 Plaintiff further asserts that its customers refer to its haircare products as “MD Hair” and has even
13 provided a product brochure, press release, and an article to that effect. The third *Interstellar*
14 factors (also the second and fifth *Sleekcraft* factors, respectively) evaluate the relatedness of the
15 goods or services and the marketing channels. Both Plaintiff and Defendant undisputedly sell
16 haircare products through their website and online platforms. Defendant argues that its packaging
17 for the product differs from Plaintiffs, however customers are largely searching for these products
18 on the internet, so may not know the appearance of the respective packaging of the products prior
19 to searching for them. The name or domain of the product will likely be the first encounter the
20 consumer will have with the products. Indeed, given the medium consumers primarily use to find
21 these products, the similarities in name will likely have a greater influence in their relatedness.
22 The fourth *Sleekcraft* factor also weighs in favor of a finding of confusion. Plaintiff has provided a
23 log of customers stating confusion between its products and Defendants and making inquiries
24 about the relationship between the two.

25 The eighth factor is neutral. A strong possibility that either party will expand its business
26 to compete with the other will weigh in favor of finding the present use is infringing, but “[w]hen
27 goods are closely related [as here], any expansion is likely to result in direct competition.”

Sleekcraft, 599 F.2d at 354.

The remaining *Sleekcraft* factors, however, weigh against a finding of confusion. As to the first factor, Defendant correctly points out that the strength of the “MD Hair” mark raises triable issues of fact. A strength of a mark is determined in two ways: first, its conceptual strength, i.e. how inherently distinctive it is, and second, its commercial strength, or how recognizable it is in the market. Conceptual strength classifies a mark along a spectrum of “generally increasing inherent distinctiveness as generic, descriptive, suggestive, arbitrary, or fanciful.” *Network Automation*, 638 F.3d at 1149. Plaintiff’s argument that its MD mark is suggestive because a consumer would have to make a “mental leap” to imagine hair products developed by a medical doctor is unavailing. As the USPTO pointed out, the term “MD” is commonly used in cosmetic preparations. Furthermore, doctors are frequently involved in the creation of skincare and haircare products, as evidenced by the crowded field of products with the similar MD root form. There is a genuine issue of material fact as to the conceptual strength of the MD mark. In addition, commercial strength of a mark is based on “actual marketplace recognition.” *Brookfield.*, 174 F.3d at 1149. Plaintiff argues that it has been the industrial “source” for the MD Hair line of haircare products and supports this with evidence of consumers having confused Defendant’s products only with Plaintiff’s, thus proving, under Plaintiff’s analysis, that its own marks carry marketplace recognition. However, even if this were the case, the relatively conceptual weakness of this mark suggests that this factor weighs against a finding of confusion.

The sixth factor questions whether the type of goods warrants the “average buyer exercising ordinary caution.” *Sleekcraft*, 599 F.2d at 353. The Ninth Circuit expects “consumers searching for expensive products online to be even more sophisticated.” *Network Automation*, 638 F.3d at 1153. Moving beyond the medium, it is reasonable to argue, as Plaintiff does, that the customer caution when purchasing haircare products is relatively low but viewing this factor in the light most favorable to Defendant, the general sophistication of online shoppers weighs against a finding of a likelihood of confusion.

The seventh factor questions whether the defendant intended to select a mark similar to

another's. *Sleekcraft*, 599 F.2d at 354. Plaintiff has not shown that Defendant was aware of Plaintiff's competing goods. Defendant highlights the fact that it attempted to buy the domain name <mdhair.com> but was unable to learn the identity of the owner, which was Plaintiff, as the domain's ownership was hidden by the anonymizing services of the domain registrar. Defendant states it reasonably believed it had a reasonable basis to believe it had the legal right to use the mark "MDhair." See *Matrix Motor Co. v. Toyota Jidosha Kabushiki Kaisha*, 290 F. Supp. 2d 1083, 1094 (C.D. Cal. 2003). Therefore, this factor weighs against a finding of confusion. The question of ownership of the mark need not be reached because multiple *Sleekcraft* factors raise issues of triable facts as to the likelihood of confusion between Plaintiff and Defendant's marks. Therefore, the motion for partial summary judgment is denied.

C. Motion to Modify Case Schedule

12 Defendant has filed an administrative motion to modify the case schedule, arguing that the
13 addition of eleven causes of action across the parties' amended pleadings has made it difficult for
14 it to meet the current case deadlines, despite having diligently sought discovery. Defendant wants
15 a modification of the case scheduled specifically to take depositions of Plaintiff's personnel and
16 third parties, and to disclose expert witnesses. Plaintiff opposes Defendant's motion, arguing that
17 Defendant has had months to conduct the discovery it now asserts it must seek.

18 A further case management conference is scheduled for February 1, 2024 at which the case
19 schedule will be reviewed. Defendant should be prepared to specify exactly what discovery it
20 seeks and approximately how much time it expects to need. The fact discovery deadline, currently
21 January 19, 2024, will have passed at that juncture, but this does not preclude reopening of
22 discovery if necessary. In the meantime, the parties are ordered to attempt to meet current case
23 deadlines diligently.

V. CONCLUSION

25 For the reasons above, the motion to dismiss and motion for partial summary judgment are
26 denied. The parties' requests for judicial notice regarding materials related to their instant briefing
27 is granted. The parties have also filed motions to seal portions of records attached to their instant

1 briefing that contain personal identification information, private email communications and
2 monetary values. The motions to seal are granted.

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4 **IT IS SO ORDERED.**

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6 Dated: January 3, 2024



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8 RICHARD SEEBORG
Chief United States District Judge

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11 United States District Court
12 Northern District of California
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